

Message Text

CONFIDENTIAL

PAGE 01 STATE 173821

46

ORIGIN EB-11

INFO OCT-01 EA-11 ADP-00 AGR-20 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 L-03 H-03

COME-00 TAR-02 PRS-01 PA-03 USIA-15 CIAE-00 INR-10

NSAE-00 /139 R

DRAFTED BY EB/OT/STA:LICOHEN:CLJ

EXT. 20888:8/30/73

APPROVED BY EB-MR. WCARMSTRONG

EB/OT:MGLITMAN

AGRI:GSINDELAR(DRAFT)

EA/ROC:JMOYLE(DRAFT)

STR:AGARLAND(DRAFT)

L/EB:DBURNS(DRAFT)

EA/K:HNEWSOM(DRAFT)

AGRI:RMCCONNELL(SUBS)

AGRI:GFRASER(SUBS)

DESIRED DISTRIBUTION

EB, EA, L, AGRI, STR, CIEP

----- 107521

P 311320Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI PRIORITY

AMEMBASSY SEOUL PRIORITY

C O N F I D E N T I A L STATE 173821

E.O. 11652: GDS

TAGS: ETRD, TS, KS

SUBJECT: MUSHROOMS

1. SUMMARY: THE ADMINISTRATION HAS DECIDED TO INITIATE DISCUSSIONS WITH THE ROC AND ROK TO RESTRAIN THE GROWTH OF CANNED MUSHROOM EXPORTS TO THE U.S.

2. IN RECENT YEARS, THE SHARE OF IMPORTS OF CANNED MUSH-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 173821

ROOMS IN THE U.S. MARKET HAS GROWN FROM ABOUT A FIFTH TO

OVER A THIRD OF TOTAL SALES. KOREA AND TAIWAN HAVE ACCOUNTED FOR NEARLY 90 PERCENT OF ALL U.S. IMPORTS. THIS INCREASING MARKET PENETRATION IS UNDERLINED BY THE DOUBLING OF IMPORTS FROM TAIWAN BETWEEN 1969 AND 1972 AND THE 16 FOLD INCREASE IN IMPORTS FROM KOREA DURING THE SAME PERIOD.

3. DEMANDS FOR RELIEF FROM THE U.S. MUSHROOM CANNING INDUSTRY, BOTH TO CONGRESS AND THE EXECUTIVE BRANCH, BEGAN ABOUT TWO YEARS AGO. THEY INTENSIFIED IN THE WAKE OF THE SURGE IN IMPORTS WHICH OCCURRED IN 1972. IN THE FACE OF THIS DEVELOPMENT SEPARATE MEETINGS WERE HELD WITH REPRESENTATIVES OF ROC AND ROK EMBASSIES ON SEVERAL OCCASIONS IN 1972 AND EARLY 1973. IT WAS SUGGESTED TO THEM THAT INDUSTRY PRESSURE WOULD FORCE THE CONGRESS TO TAKE LEGISLATIVE ACTION, WERE THERE TO BE NO ABATEMENT IN THE RATE OF INCREASE IN IMPORTS. BOTH EMBASSIES EXPRESSED GUARDED INTEREST IN A RESTRAINT

ARRANGEMENT, BUT ONLY IF THE OTHER WERE ALSO A PARTY. BY THE FALL OF 1972, IMPORTS HAD SHOWN NO SIGNS OF MODERATING. INDUSTRY COMPLAINTS CONTINUED, AND IN FEBRUARY 1973, THE PRESIDENT ASKED THE TARIFF COMMISSION TO INVESTIGATE THE SITUATION. LAST MAY, A MAJORITY OF THE COMMISSIONERS FOUND THAT THERE WERE GROUNDS FOR SERIOUS CONSIDERATION OF MEASURES TO RELIEVE THE DOMESTIC INDUSTRY (SEE REPORT NO. 332-72).

4. THE TARIFF COMMISSION REPORT WAS REVIEWED BY AN INTER-AGENCY COMMITTEE AND A DECISION WAS MADE AT A HIGH LEVEL THAT WHILE A FORMAL AGREEMENT INCLUDING IMPLEMENTING REGULATIONS, USING THE FULL EXTENT OF THE AUTHORITY GRANTED IN SECTION 204, WAS NOT APPROPRIATE AT THIS TIME, THE SITUATION WARRANTED SOME KIND OF REMEDIAL ACTION. THEREFORE, IT WAS DECIDED THAT THE ROC AND THE ROK SHOULD BE REQUESTED TO RESTRAIN EXPORTS OF CANNED MUSHROOMS TO THE U.S.

5. DRAWING ON THE ABOVE TOGETHER WITH THE RELEVANT TABLES IN THE TARIFF COMMISSION REPORT AND THE MOST RECENT IMPORT DATA IN PARA. 8, BELOW, THE EMBASSY IS REQUESTED TO INITI-
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 173821

ATE DISCUSSIONS WITH APPROPRIATE HOST GOVERNMENT OFFICIALS WITH A VIEW TO OBTAINING A COMMITMENT TO RESTRAIN THE EXPORT OF CANNED MUSHROOMS TO THE U.S. SUCH A RESULT SHOULD BE ACHIEVED AS SOON AS POSSIBLE, BUT NO LATER THAN NOVEMBER 15, 1973, SO THAT TRADERS MAY MAKE THE NECESSARY ADJUSTMENTS FOR THE COMING YEAR.

6. THE TERMS OF SUCH AN AGREEMENT SHOULD BE AS FOLLOWS:

(A) DURATION: THREE YEARS BEGINNING JANUARY 1, 1974.

(B) INITIAL BASE PERIOD TOTAL:

ROC-31.2 MILLION POUNDS DRAINED WEIGHT

ROK-12.3 MILLION POUNDS DRAINED WEIGHT

(THESE FIGURES REPRESENT AN AVERAGE OF CALENDAR

1972 AND PROJECTED CALENDAR 1973 IMPORTS.)

(C) GROWTH RATE:

1974 - 5 PERCENT ABOVE THE INITIAL BASE PERIOD

1975 - 6 PERCENT ABOVE THE ASSIGNED 1974 LEVEL

1976 - 7 PERCENT ABOVE THE ASSIGNED 1975 LEVEL

SHOULD THE ASSIGNED IMPORT LEVEL NOT BE ATTAINED IN A GIVEN YEAR, THE SHORTFALL WOULD NOT BE ADDED TO THE FOLLOWING YEAR'S ASSIGNED LEVEL. (THE RATIONALE FOR THESE GROWTH RATES DERIVES FROM THE TREND IN DOMESTIC INDUSTRY SALES AND THE HEAVY INVENTORIES ON HAND AT THE END OF 1972. FIVE PERCENT IS LESS THAN THE AVERAGE GROWTH RATE IN DOMESTIC SALES AND IS DEEMED NECESSARY TO PERMIT THE RESTORATION OF

INVENTORIES TO MORE NORMAL LEVELS. THE HIGHER 1975 AND 1976 GROWTH RATES WOULD BE APPROXIMATELY THOSE EXPERIENCED BY U.S. PRODUCERS IN RECENT YEARS.)

(D) THE EMBASSY MAY DISCLOSE DETAILS OF THE ABOVE TERMS TO THE OTHER COUNTRY.

7. THE EMBASSY SHOULD IMPRESS ON THEIR INTERLOCUTORS THAT ANY SHARP INCREASE IN EXPORTS (UPWARD DEVIATION FROM THE NORMAL SEASONAL PATTERN OF PEAKS IN THE APRIL-JUNE QUARTER AND TROUGHS IN THE OCTOBER-DECEMBER QUARTER) DURING THE REMAINDER OF 1973 FOR WHATEVER REASON WILL ONLY INCREASE PRESSURES FOR MORE STRINGENT RESTRAINTS AND WILL NOT INCREASE THE BASE-YEAR TOTALS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 173821

8. THE TARIFF COMMISSION REPORT (NO. 332-72) CONTAINS BACKGROUND MATERIAL ON THE DEVELOPMENT OF IMPORTS OVER THE MOST RECENT FIVE-YEAR PERIOD. TABLES 4, 7, 8, 9, 19, 20 CONTAIN SALES, IMPORT, PRICE AND PROFIT DATA. IMPORTS FROM THE ROC DURING THE FIRST SEVEN MONTHS OF 1973 TOTALED 16.7 MILLION POUNDS. FOR THE ROK THE COMPARABLE FIGURE IS 9.2 MILLION POUNDS. IMPORTS FOR THE 1972/73 CROP YEAR WERE 48.2 MILLION POUNDS.

9. ADDITIONAL BACKGROUND MATERIAL IS BEING POUCHED. ROGERS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 31 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE173821
Document Source: CORE
Document Unique ID: 00
Drafter: LICOHEN:CLJ
Enclosure: n/a
Executive Order: GS ARMSTRONG
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973082/aaaaabdg.tel
Line Count: 165
Locator: TEXT ON-LINE
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 30 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30-Jan-2002 by martinjw>; APPROVED <04 MAR 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MUSHROOMS
TAGS: ETRD, TS, KS
To: TAIPEI SEOUL
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005